

NCHS

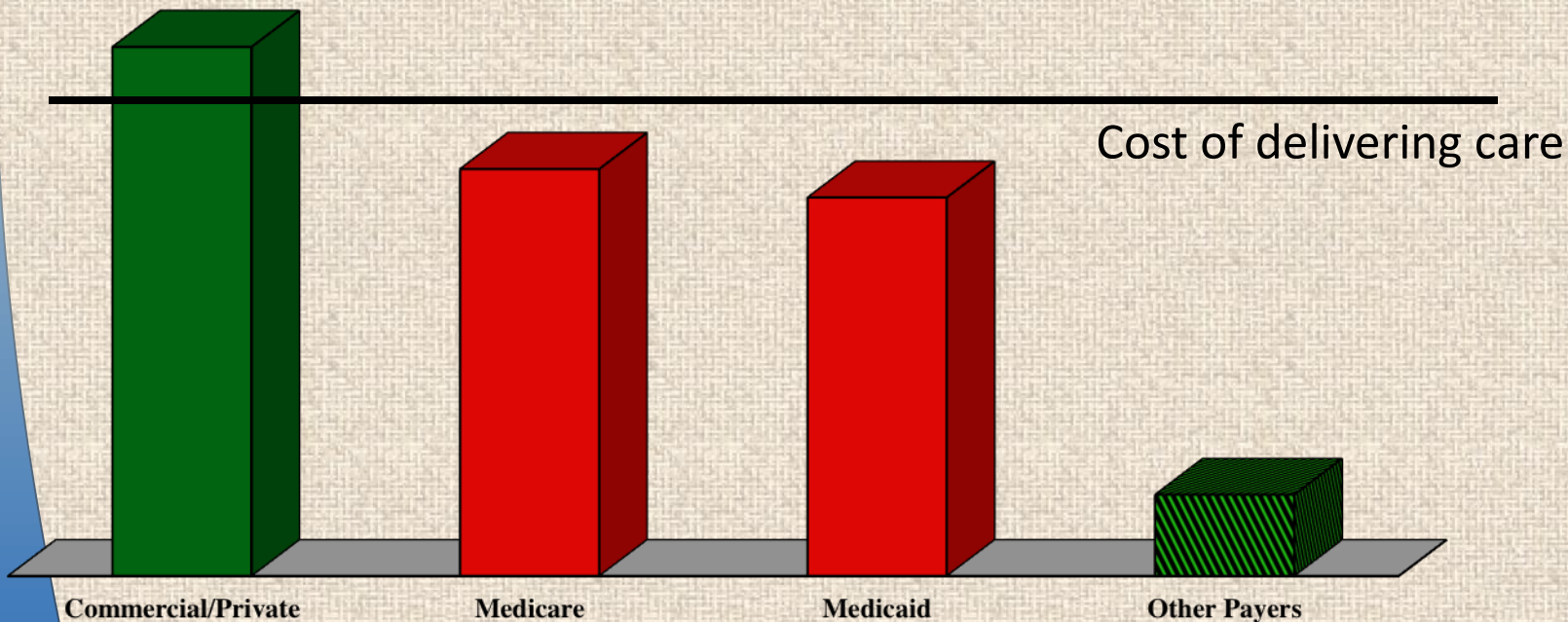
Hospital Perspective

Hugh Tilson, Senior Vice President

North Carolina Hospital Association

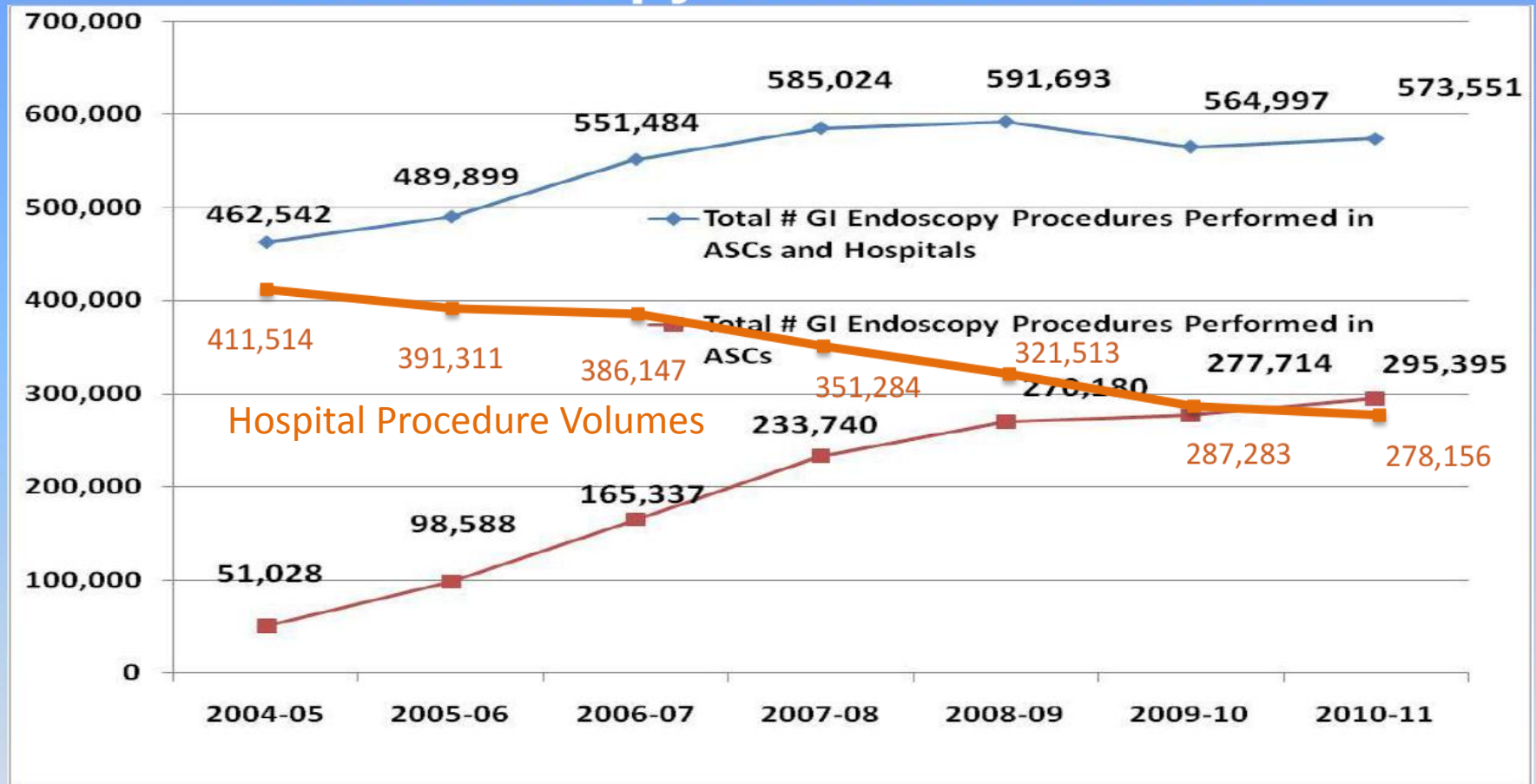
Government Payments Below Costs

3 of 4 hospital patients are paid for by government or have no health insurance. Government sets prices below the cost of caring.



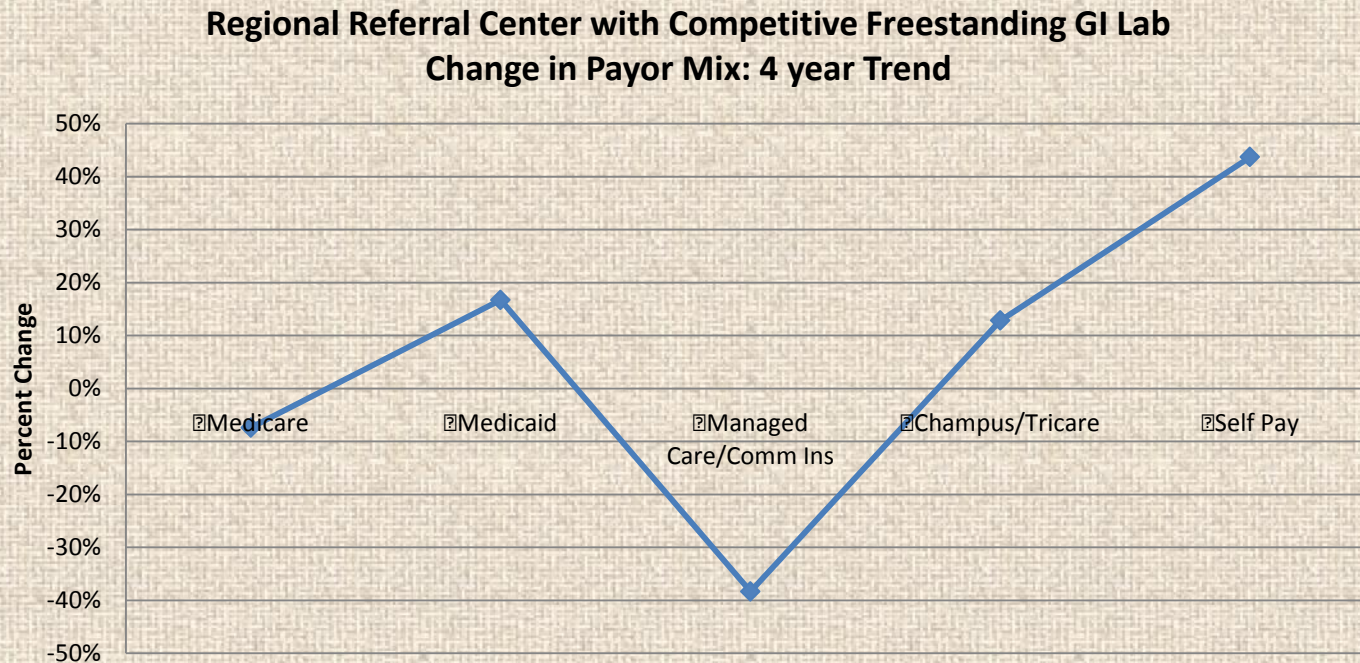
Hospitals depend on commercially insured patients to offset losses caring for government and uninsured patients.

GI Endoscopy Procedure Volumes



Total utilization for GI endoscopy procedures increased by 28 percent over the four years following the change in the CON law. Some of this increase is “normal growth” due to the aging population. Utilization declined in the most recent two years, due to the downturn in the economy.

One Hospital's Experience



Commercially insured patients declined by almost 40%, Medicaid increased by almost 20% and self-pay increased by over 40%

Hospitals Treat More Indigent

Freestanding endoscopy centers treat almost twice as many insured patients as hospitals; Government, indigent treated more by hospitals

Hospital Endoscopy - Cases			
Self Pay	Commercial	Govt.	Other
3.6%	40.3%	51.3%	4.8%
GI Endoscopy Centers - Cases			
Self Pay	Commercial	Govt.	Other
<1%	59.3%	34%	5.9%

Source: Truven Health Data (FY 2011 data)

Implications

Increased utilization:

- Desired with preventive cancer screenings
- Not desired with other surgeries

Transfer agreement: Hospital capacity still required

- ED
- Higher acuity
- Payment categories
- Excess capacity exists – especially for outpatient ORs

Bottom line:

- Movement of services from hospital to other setting
- Hospitals must maintain capacity - cost/case increases
- Increased utilization + higher residual hospital costs = higher total spending

Cuts Coming in Next 10 Years

Programs / Actions Causing Cuts	Statewide 10-Year Impact
Hospital Acquired Conditions	(\$ 72,265,014)
Value-Based Purchasing	\$ 2,985,917*
Readmissions Reduction Program	(\$ 208,627,000)
ACA / CMS Medicare Payment Reductions	(\$ 4,593,501,000)
Deficit Reduction Sequestration Requirement (2% Medicare Reduction Resulting from Lack of Super Committee Action)	(\$ 1,259,248,500)
ACA Medicare DSH Reductions	(\$ 847,659,000)
Effect of Massachusetts' Manipulation of Medicare "rural floor" wage index calculation (stemming from national budget neutrality)	(\$ 218,000,000)
Bad Debt Reimbursement Restrictions	(\$ 125,452,600)
Total Known Cuts (June 19, 2012)	(\$7,196,314,597)

*Single year impact only. Ten-year projection not possible. Sources: American Hospital Association, DataGen